

**The Performance of the Customer Service
Toll-Free Telephone Program Needs
Improvement to Better Handle Millions
of Taxpayer Calls**

May 2001

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

May 18, 2001

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report - The Performance of the Customer Service
Toll-Free Telephone Program Needs Improvement to Better
Handle Millions of Taxpayer Calls

This report presents the results of our review of the Internal Revenue Service's (IRS) process for ensuring taxpayers were provided quality customer service by the Toll-Free telephone program during the 2000 Filing Season. In summary, we found that the IRS could improve the quality of the Toll-Free telephone service to its customers if it enhanced technology, improved executive oversight, provided better controls, and better used its Customer Service (CS) resources.

As the IRS continues its modernization efforts, it has a great opportunity to develop a comprehensive strategy that will address the future needs of CS. The Commissioner, Wage and Investment Division, should develop a strategy that incorporates existing balanced measures and objectives to increase the Toll-Free telephone program's ability to provide quality service to all taxpayers. The strategy should include evaluating Toll-Free telephone operations to ensure existing technology and human resources are better used, the Level of Service is increased through productivity, visually impaired employees' needs are addressed, and reported outcomes are reliable and accurate.

The IRS is taking corrective actions on 4 of the 7 recommendations we made. The IRS' response did not include any corrective action for recommendation number 3. However, information in the Assessment of Cause section and on page 5 of the response indicates the IRS agrees with the issue and will follow other Internal Revenue Manual guidelines that we believe will help resolve the problem. The IRS disagreed with recommendations number 1 and 2, even though the response includes corrective actions, because it believes current procedures are sufficient to address the issues in these recommendations. We believe the IRS must implement the technological

improvements necessary to allow it to respond to the taxpayers' questions in not only an economical but also an effective manner.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Walter Arrison, Associate Inspector General for Audit (Wage and Investment Income Programs), at (770) 936-4590.

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Needs Improvement to Better Handle Millions of Taxpayer Calls**

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Executive Summary

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98)¹ sent a clear message to the IRS that it must do a better job in meeting the needs of taxpayers. Responding to this mandate, the IRS began a process of change to provide first-rate customer service, including modernization efforts such as expanding service hours and implementing several technological advances. On October 1, 1999, the field Customer Service (CS) function was realigned; this included the reorganization of 25 call sites within 10 CS centers located across the country. The overall objective of this review was to evaluate the IRS' process for ensuring taxpayers were provided quality customer service by the Toll-Free telephone program during the 2000 Filing Season.²

Results

The IRS needs to improve its process for providing Toll-Free telephone service to taxpayers by enhancing its technology, improving executive oversight, providing better controls, and better using its CS resources. One technological advance used in Fiscal Year (FY) 2000 was to manage projected call volume through a centralized control organization called the Customer Service Operations Center, located in Atlanta. This control center monitored the status of call traffic, staffing, and nationwide telecommunications for selected Toll-Free product lines.³ The IRS projected it would receive 103 million telephone calls in FY 2000.⁴ It planned to answer 41 million calls using customer service representatives (CSR) and 19 million calls using automation. The remaining 43 million calls were to go unanswered. Although the IRS implemented initiatives to improve the quality of service to every taxpayer, it did not achieve that goal during the 2000 Filing Season. For the period October 1, 1999, through April 8, 2000, the IRS answered 28.6 million of the 47.1 million calls received. During this period, approximately 18.5 million calls went unanswered.

¹ Pub. L. No. 105-206, 112 Stat. 685.

² We did not validate the reliability of the data provided by the IRS' management information systems and reports.

³ For purposes of this review, we focused on the three major product lines: Tax Law and other General Questions (1-800-829-1040), Taxpayer Accounts Questions (1-800-829-8815), and Refund Inquiry Questions (1-800-829-4262).

⁴ Total taxpayer calls for the three major product lines (tax law, tax accounts, and refunds).

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The IRS measures how well it provides telephone assistance. During FY 2000, the IRS measured its levels of Customer Satisfaction, Employee Satisfaction, and Business Results. In its Business Results, the IRS measured the Level of Service (LOS)⁵ and Adherence to Schedule.⁶

The IRS made errors in its LOS calculations and did not answer millions of calls despite reported increases in the LOS. Also, visually impaired CSRs did not receive the proper equipment, resource materials, and timely training, and the IRS did not maximize its use of human resources and existing equipment to improve the quality of service provided to taxpayers.

The Use of Telephone Assistors to Only Route Calls Prevented Up to an Estimated 1.3 Million Calls From Being Answered

The IRS spent over \$22 million for its new Customer Service Call Router. This router directs a call to a location where it can most quickly be answered based on the number of assistors available to answer calls and the type of taxpayer question. However, during the 2000 Filing Season, the IRS instructed some live assistors to route taxpayer calls to reduce taxpayer wait time and minimize hang-ups. These assistors were performing actions similar to the IRS' new call routing system. The assistors screened calls and transferred them to another assistor to answer. For FY 2000, the IRS planned to spend approximately \$3.6 million in salary costs for assistors who only screened and transferred calls. We estimate that the IRS missed an opportunity to answer up to an additional 1.3 million calls nationwide during FY 2000.

Taxpayers Were Delayed in Getting Help Because the Computer System Was Not Available

At times, the IRS routed calls to assistors who did not have access to the IRS' main computer system.⁷ For example, we reviewed 461 written referrals and identified 126 (27 percent) that were prepared because the computer system was not available. The assistor receiving the call prepared a referral for another assistor to return the taxpayer's call and answer the taxpayer's question. Assistors took from 2 to 34 days to answer the taxpayers' questions or respond to their calls.

⁵ Level of Service is the ratio of total calls answered (by automation and CSRs) to total calls attempted (calls received by the IRS).

⁶ Adherence to Schedule is defined as call sites having the required number of CSRs on the telephone necessary to answer calls per ½-hour work periods.

⁷ The IRS' main computer system enables IRS employees to have instantaneous access to certain taxpayer accounts; it is called the Integrated Data Retrieval System.

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An alternative to preparing a written referral is to transfer the call to another call site. While the IRS' telephone system has the ability to do this, IRS management chose not to use this feature because they did not want to complicate call routing and it would have increased costs for all calls transferred to another call site, including calls directed to sites where the IRS' main computer system was not available, by as much as \$111,000 in any 1 month. Resolving taxpayers' inquiries during initial contact would reduce the need for taxpayers to make repeat contacts, thereby easing demand on a CS operation that does not have sufficient resources to answer existing call volumes.

The Internal Revenue Service Answered 2.8 Million Fewer Calls Than Were Planned Despite Reported Increases in the Level of Service

For the period October 1, 1999, through April 8, 2000, the IRS reported a 61 percent LOS. While this represented a slight increase over the IRS' FY 2000 goal of a 58 percent LOS, the improvement in the LOS was the result of the decrease in the number of taxpayer calls rather than the IRS' efforts to answer more calls. The IRS projected it would receive 54.1 million taxpayer calls during this period; it received only 47.1 million calls. Also during this period, the IRS planned to answer 31.3 million calls but answered only 28.6 million.

Our review of IRS reports for the period January 1, 2000, to April 8, 2000, showed that CS Toll-Free telephone operations did not use approximately 217,000 (9 percent) of the hours that were available to answer telephone calls. During this same period, the number of abandoned calls exceeded the IRS' projected figures by 1.4 million (26 percent). In addition, the IRS reported that, through April 8, 2000, the call sites had not had the required staffing in 24 percent of the work periods. Without improvements in answering calls and adherence to schedule, the quality of service provided to taxpayers will continue to suffer despite reported improvements in the LOS.

The Internal Revenue Service's Reported Number of Calls Answered May Be Incorrect

The IRS reported a 63 percent LOS for the period January 1, 2000, through March 4, 2000. We reviewed call volume data input to the IRS' tracking system for the 3 major product lines at 3 call sites for 3 days in February 2000. We found errors in the data used to calculate the LOS; these errors caused the IRS to overstate its total assistor-answered calls by 6,891 of the 44,136 (16 percent) reported. The IRS informed us that, as of September 2000, it was still experiencing inaccuracies in the calculations of calls answered.

The nine revisions in the Workload Information Tracking System reporting guidelines coupled with the tedious, complex computations for the LOS increased the risk of reporting inaccurate data. We were unable to determine the overall effect the 16 percent

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misstatement had on the LOS. The Treasury Inspector General for Tax Administration will conduct additional reviews of the LOS in the Toll-Free telephone operations during the 2001 Filing Season and will report on the results.

The Lack of Resources for Visually Impaired Telephone Assistors Put the Internal Revenue Service at Risk of Civil Suits

During our visits to three call sites, we identified shortages in equipment and materials for visually impaired CSRs, including scanners, printers, closed-circuit televisions, and Braille forms and publications. Also, visually impaired CSRs were inadequately trained to use essential tools, such as IRS computer systems, and materials needed for their jobs. Some materials contained errors and were not always useable.

These deficiencies were identified through management and employee interviews at the three call sites we visited. These sites, combined, employed at least 40 CSRs with some form of visual impairment. Two of the six visually impaired employees we interviewed informed us that they experienced temporary work stoppages. While the IRS was aware of the CSRs' needs, it had not developed an overall strategy to address those needs. Federal laws⁸ require an agency to provide reasonable accommodations for individuals with disabilities. The IRS has approximately 200 visually impaired employees in the CS function.

Summary of Recommendations

As the IRS continues its modernization efforts, it has a great opportunity to develop a comprehensive strategy that will address the future needs of CS. The Commissioner, Wage and Investment Division, should develop a strategy that incorporates existing balanced measures and objectives to increase the Toll-Free telephone program's ability to provide quality service to all taxpayers.

The strategy should include evaluating Toll-Free telephone operations to ensure existing technology and human resources are better used, the LOS is increased through productivity, visually impaired employees' needs are addressed, and reported outcomes are reliable and accurate.

Management's Response: The IRS is taking corrective actions on 4 of the 7 recommendations we made. The IRS' response did not include any corrective action for recommendation number 3. However, information in the Assessment of Cause section and on page 5 of the response indicates the IRS agrees with the issue and will follow

⁸ These Federal laws include the Rehabilitation Act of 1973, Pub. L. No. 93-112, 87 Stat. 355 and the Americans With Disabilities Act of 1990, Pub. L. No. 101-336, 104 Stat. 327.

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other Internal Revenue Manual guidelines that we believe will help resolve the problem. The IRS disagreed with recommendations number 1 and 2, even though the response includes corrective actions, because it believes current procedures are sufficient to address the issues in these recommendations. We believe the IRS must implement the technological improvements necessary to allow it to respond to the taxpayers' questions in not only an economical but also an effective manner.

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Objective and Scope

The overall objective of the audit was to evaluate the effectiveness of the 2000 Toll-Free telephone program in providing quality customer service.

The overall objective of this review was to evaluate the Internal Revenue Service's (IRS) process for ensuring taxpayers were provided quality customer service by the Toll-Free telephone program during the 2000 Filing Season.¹ To accomplish the overall objective, we:

- Evaluated the IRS' methodology for measuring the performance of the Customer Service (CS) Toll-Free telephone operations for the 2000 Filing Season.
- Determined whether IRS management ensured Toll-Free resources were available and customer service representatives (CSR) were adequately trained to provide quality answers to taxpayer questions.
- Identified early concerns/issues confronting call sites in the 2000 Filing Season and determined whether these concerns were timely addressed by IRS management.

We performed audit work at the National Headquarters; the Chief, CS Field Operations office and the Customer Service Operations Center (CSOC) in Atlanta; and call sites located in Baltimore, Dallas, and Portland, Oregon. Also, we used questionnaires to solicit feedback and concerns from the 10 CS centers throughout the country. The audit was conducted between January and July 2000 in accordance with *Government Auditing Standards*.

Details of our audit objective, scope, and methodology are presented in Appendix I. Major contributors to this report are listed in Appendix II.

¹ We did not validate the reliability of the data provided by the IRS' management information systems and reports.

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Background

The IRS has been criticized for its inadequate technology, poor service to taxpayers, and lack of adequate training and resources for IRS employees.

The IRS has been the subject of a number of studies that identified a wide range of problems, including inadequate technology, poor service to taxpayers, and lack of adequate training and resources for IRS employees.

The IRS Restructuring and Reform Act of 1998 (RRA 98)² sent a clear message to the IRS that it must do a better job in meeting the needs of taxpayers. Responding to this mandate, the IRS began a process of change to provide first-rate customer service by expanding service hours and implementing a number of technological advances.

On October 1, 1999, the field CS function was realigned; this included the reorganization of 25 call sites within 10 CS centers located across the country. Three major CS call site automation initiatives were implemented during Fiscal Year (FY) 1999. These projects were intended to be initial implementations of the technology that would be fully deployed under the IRS' modernization efforts:

The CSOC's mission is to provide taxpayers access (24 hours a day, 7 days a week) to the resources best able to meet their needs.

- The CSOC, which is located in the new Atlanta CS Center, is a centralized control organization that monitors the status of call traffic, staffing, and nationwide telecommunications for selected Toll-Free product lines. The CSOC's mission is to provide taxpayers access (24 hours a day, 7 days a week) to the resources best able to meet their needs.

The CSCR transfers incoming calls to call sites.

- The Customer Service Call Router (CSCR) is a system that balances call volumes among sites by identifying the best route by which to transfer any incoming call based on available staffing, CSR skills, and wait times at all sites. The system was

² Pub. L. No. 105-206, 112 Stat. 685.

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The TCWMS is a centralized workforce management database that monitors telephone usage.

implemented in 25 CS call sites and 2 Network Control Centers.

- The Tele-Center Workforce Management System (TCWMS) is a centralized workforce management database that monitors telephone usage. It gathers staff and call volume information from each call site, transmits the information to a centralized location, then uses the information to forecast future volumes and staffing requirements. When fully operational, the completed system will monitor the status of telephone usage and be used to prepare local staffing schedules.

The Commissioner stated that the IRS needed to invest in its most valuable resource—"our employees"—in addition to providing new technology and a new organizational structure as it strives to provide first-rate service to American taxpayers.

On January 6, 2000, the IRS Commissioner stated "providing new technology and a new organizational structure are key steps to providing first-rate service to American taxpayers, but it's clear that we must also invest in our most valuable asset—our employees." He stated that IRS employees needed more and better training. He allocated a record \$106 million to the FY 2000 training budget.

The IRS also changed the way it measures its performance. The IRS used balanced measures established for the CS Toll-Free telephone operations to evaluate CS performance in providing quality telephone assistance during FY 2000. According to the IRS, balanced measures are the sole source for measuring the organization's performance and consist of Customer Satisfaction, Employee Satisfaction, and Business Results. Measurable outcomes of the Business Results balanced measure are the Level of Service (LOS)³ and Adherence to Schedule.⁴

³ Level of Service is the ratio of total calls answered (by automation and CSRs) to total calls attempted (calls received by the IRS).

⁴ Adherence to Schedule is defined as call sites having the required number of CSRs on the telephone necessary to answer calls per ½-hour work periods.

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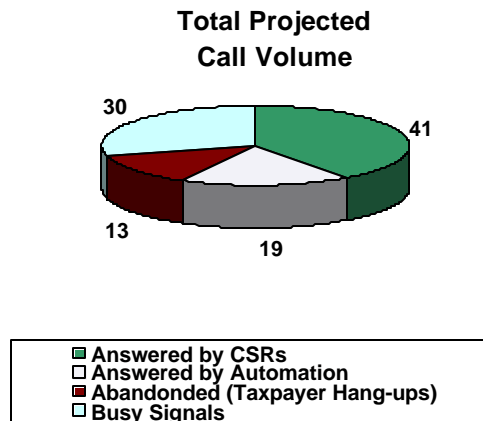
Results

Although the IRS implemented various automation initiatives such as the CSCR and TCWMS to enhance organizational performance in the CS function, every taxpayer will not receive quality service.

The IRS projected it would receive 103 million calls in FY 2000, and it planned to answer 41 million of these calls using CSRs. This plan included 8.9 percent more calls than were answered during FY 1999. The IRS was funded with 8,100 Full Time Equivalents (FTEs)⁵ to answer the 41 million calls; this results in a cost of 2.5⁶ calls answered per hour, per FTE. The IRS planned to use automation to answer another 19 million calls. The remaining 43 million calls were to go unanswered.

Figure 1 shows the IRS FY 2000 forecast for the 103 million calls expected.

Figure 1
IRS FY 2000 Forecasted Call Volume
(in Millions)



Source: *The IRS' FY 2000 Forecast – 3 Major Product Lines – Revision #8 dated 6/18/99.*⁷

⁵ Each FTE is equal to the standard number of hours (2,080) that 1 employee can work in a year.

⁶ The 2.5 calls per hour, per FTE, includes all hours allotted to operate the Toll-Free telephone program, i.e., hours for answering the telephones, training, management, and holidays.

⁷ We did not validate the reliability of the data provided by the IRS' management information systems and reports (including those for Figures 2-4).

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Despite modernization efforts and the implementation of initiatives, such as expanding service hours, to improve the quality of service to every taxpayer, the IRS did not achieve that goal during the 2000 Filing Season. In his April 10, 2000, testimony before the House Committee on Government Reform, the IRS National Taxpayer Advocate communicated that “many taxpayers stated that if they get through and can talk to a CSR, they are being helped.”

The IRS needs to improve its process for providing Toll-Free telephone service to taxpayers by enhancing its technology, improving executive oversight, providing better controls, and better using its CS resources. While the IRS has established balanced measures and implemented the latest technology into its Toll-Free telephone operations, it did not maximize the use of human resources and existing equipment to improve the quality of service provided to taxpayers. Millions of calls were not answered despite reported increases in the LOS, and errors were made in the calculations of the reported LOS during the 2000 Filing Season. Also, visually impaired employees did not receive proper equipment, resource materials, or timely training.

The Use of Telephone Assistors to Only Route Calls Prevented Up to an Estimated 1.3 Million Calls From Being Answered

The IRS’ \$22 million CSCR is designed to route taxpayer calls to any of the 25 call sites.

The IRS spent over \$22 million to purchase, test, install, modify, and maintain the new CSCR that replaced its former method of routing calls. This new call router was designed to direct a taxpayer’s telephone call to the call site where it could most quickly be answered based on the number of assistors available to answer calls and the type of taxpayer question.

The IRS used CSRs trained to answer calls to assist its new routing system in directing calls.

The IRS instructed some of its CSRs to only screen and transfer calls instead of answering taxpayer questions. These CSRs performed actions similar to those performed by the IRS’ new call routing system. The

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IRS used CSRs in this capacity to reduce taxpayer wait time and minimize hang-ups.

We selected a Monday in February 2000 to review calls because Mondays are one of the IRS' most demanding days of the week to answer telephone calls. We found that approximately 336 (7 percent) of 5,133 employees were paid approximately \$37,800 to screen and route calls. Once transferred, the call may have been answered or the taxpayer may have hung up the call, only to call again. We estimate that, by using the 336 employees to only screen calls, the IRS missed an opportunity to respond to an additional 13,608⁸ taxpayer questions for that particular 7½ hour day.

We further reviewed the IRS' planned use of assistors by examining the number of hours it scheduled for assistors to only screen calls for the entire fiscal year. Based on Figure 2 below, the IRS would have spent \$3.6 million during FY 2000 to screen and route calls using assistors.

Figure 2
Estimated Cost to Use Assistsors to Route Calls
in FY 2000

	Scheduled Assistor Hours to Route Calls	Average Cost per Hour	Cost for Each Period Presented
Oct. – Dec. 1999	74,463	\$15	\$1,116,945
Jan. – June 2000	118,472	\$15	\$1,777,080
July – Sept. 2000	46,826	\$15	\$702,390
Totals	239,761	\$15	\$3,596,415

Source: The IRS' FY 2000 Workplans for the 1st, 2nd, and 3rd Planning Periods.

⁸ The 13,608 taxpayer questions is calculated by multiplying the 336 employees who screened calls, times 5.4 calls the IRS planned for each employee to answer per hour, times a 7½ hour day.

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We recognize that the IRS will need to have assistors to screen calls for those taxpayers who use rotary-dialed telephones; however, we estimated that assistors could have answered up to 1.3 million⁹ additional calls in FY 2000 with the resources CS devoted to using assistors to route rather than answer calls.

Recommendation

1. The Commissioner, Wage and Investment (W&I) Division, should re-evaluate the number of CSRs used to only screen and transfer calls. Also, the Commissioner should maximize the use of the CSCR and its related telephone systems to route calls more efficiently.

Management's Response: The IRS disagreed with this recommendation, even though the response includes corrective action, because it routinely evaluates staffing needs for all of its call applications. Technological improvements have and will improve customer self-routing, which will continue to reduce the need for call screening.

Office of Audit Comment: We agree that the IRS must provide service to screen and transfer calls. However, the IRS has not implemented the technological improvements necessary to allow the assistors to respond to the taxpayer's questions.

⁹ The 1.3 million additional calls is calculated by multiplying 239,761 (the total number of scheduled assistor hours) times the 5.4 calls the IRS planned for each CSR to answer per hour in FY 2000.

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Taxpayers Were Delayed in Getting Help Because the Computer System Was Not Available

The IRS instructed its CSRs to prepare written referrals for taxpayer calls that could not be answered because its computer system was not available, instead of transferring the call to another call site where the computer system was available.

The IRS routed calls to assistors who were available to answer taxpayers' tax account questions. However, at times, the assistors were unable to answer the taxpayers' questions because access to the main computer system that provides instantaneous information about certain taxpayer accounts (the Integrated Data Retrieval System) was not available.

For example, we reviewed a statistical sample of 461 written referrals prepared between October 1999 and January 2000 and identified 126 (27 percent) that were prepared because the computer system was unavailable. The assistor receiving the call prepared a referral for another assistor to return the taxpayer's call and answer the taxpayer's question. Assistors took an average of 10 days (a range of 2 to 34 days) to answer the taxpayers' questions or respond to their calls.

We determined that 5 of 126 taxpayers made repeat contacts to the IRS before the assigned assistors contacted them. Although the 10-day average was within the required 30-day period to respond to taxpayer inquiries, we concluded that even 10 days is too long a period to provide quality service to a taxpayer's initial inquiry.

An alternative to preparing a written referral is to transfer the call to another call site. While the IRS' telephone system has the ability to do this, IRS management chose not to use this feature because they did not want to complicate call routing. In addition, the IRS stated the additional post-routing capability for all calls transferred to another call site, including calls directed to sites where the IRS' main computer system was not available, would have cost as much as \$111,000 in any 1 month.

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Resolving taxpayer inquiries during initial contact would reduce the need for taxpayers to make repeat contacts to the IRS to get their questions resolved. This would ease the demand on CS operations that do not have sufficient resources to answer existing call volumes.

Recommendations

2. The Commissioner, W&I Division, should further evaluate call transferring procedures by examining the cost and benefit of using the additional routing feature currently available in the corporate call routing telephone system when the main computer system is unavailable in the local call site where the call was received.

Management's Response: The IRS disagreed with this recommendation, even though the response includes corrective action, and stated its current processes will remain in effect. Information in the corrective action section of the response indicates when computer systems are unavailable, the IRS assesses each situation for the best solution. The IRS considers:

- Type and anticipated length of the outage
- Number of sites impacted
- Alternative Systems available
- Staffing and workload in the site or sites

Office of Audit Comment: While the IRS believes it is appropriate to implement the least costly solution, we maintain that the IRS should continue to pursue options that are not only economical but are also effective.

3. The Commissioner, W&I Division, should re-evaluate IRS guidelines and consider reducing (from 30 days) the maximum allowable period for handling written referrals.

Management's Response: The IRS response showed "Not Applicable" in the corrective action section for this

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recommendation. Information on page 5 of the IRS' response showed IRS management agrees that the time period for a callback should be reviewed. In the interim, IRS management will continue its procedure of CSRs advising callers of the turnaround time for a callback prior to initiating a referral. This practice allows the caller to choose the next course of action. The IRS also stated that other Internal Revenue Manual guidelines, which state a taxpayer inquiry should normally be resolved in a 15-day period, are reasonable.

The Internal Revenue Service Answered 2.8 Million Fewer Calls Than Were Planned Despite Reported Increases in the Level of Service

*The LOS goal for FY 2000
was 58 percent.*

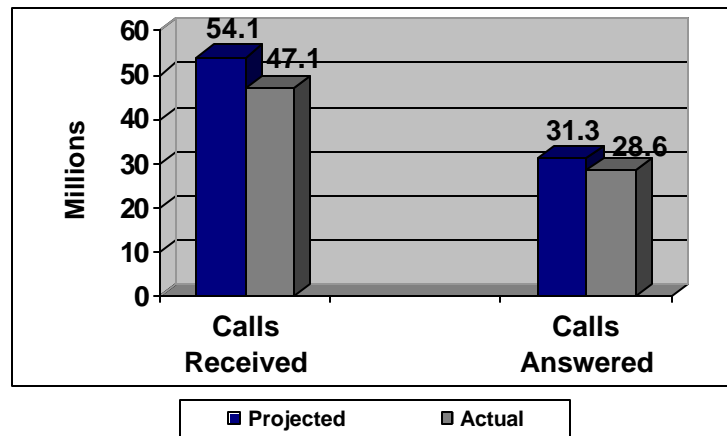
For the period October 1, 1999, through April 8, 2000, the IRS reported a 61 percent LOS. This represented a slight increase over the IRS' FY 2000 goal of a 58 percent LOS. While this increase might imply that the IRS provided improved customer service, the improvement in the LOS was the result of the decrease in the number of taxpayer calls received (7 million fewer) rather than the IRS' efforts to answer more calls.

The LOS is based on the number of calls the IRS answered compared to the number of calls it received. The IRS projected that the CS Toll-Free telephone program would receive 54.1 million calls and answer 31.3 million calls, using automation and CSRs, by April 8, 2000. Actual figures for this period showed the IRS received 47.1 million calls and answered 28.6 million of the calls received; approximately 18.5 million calls went unanswered.

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The following chart shows the comparison of FY 2000 projected to actual calls received and answered from October 1, 1999, through April 8, 2000.

Figure 3
Comparison of Projected to Actual
Calls Received and Calls Answered
(in Millions)



Sources: FY 2000 Forecast – 3 Major Product Lines – Revision #8 dated 6/18/99 and the Toll-Free Snapshot Report dated 4/8/00 for the 3 Major Product Lines.

While the IRS cannot control actual taxpayer behavior (calls received), there are steps that it can take to increase the number of calls answered. These steps include using all available resources and adhering to scheduled goals.

Call sites should use all available resources

Our review of IRS reports for the period January 1, 2000, to April 8, 2000, showed that CS Toll-Free telephone operations did not use approximately 217,000 (9 percent) of the hours that were available to answer telephone calls. In planning for the filing season, the CSOC prepared call volume forecasts and call site plans and schedules that outlined how projected call volume and FTE hours would be

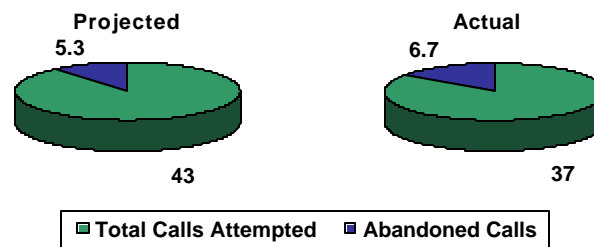
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allocated. Included in the plan was a call site measurement defined as planned delivery or the number of calls 1 CSR should be able to answer in 1 hour.

Based on its planning assumptions, the IRS allocated its resources based on CSRs being able to answer 6.6 calls per hour. Because the IRS did not use the 217,000 hours to answer calls, CSRs answered only 5.9 calls per hour. If the CS Toll-Free program had used these hours to answer calls, CSRs could have answered approximately 1.4 million additional calls.¹⁰

Also during this period, there were 1.4 million (26 percent) more calls abandoned than the IRS projected (see Figure 4 below). This represented 1.4 million more calls the IRS planned to answer but did not.

Figure 4
Comparison of Projected and Actual
Total Calls Attempted to Abandoned Calls
January 1 - April 8, 2000
(in Millions)



Sources: *The IRS' FY 2000 Forecast – 3 Major Product Lines – Revision #8 dated 6/18/99* and the *Toll-Free Snapshot Report dated 4/8/00 for the 3 Major Product Lines*.

¹⁰ The 1.4 million calls is calculated by multiplying 217,000 (the total number of hours not used) times 6.6 calls the IRS planned for each CSR to answer per hour from January 1, 2000, through April 8, 2000.

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Call sites should meet adherence to scheduled goals

As of April 8, 2000, the IRS reported that in 24 percent of the work periods its call sites did not have the required staffing. Adherence to schedule provides that call sites have the required number of CSRs on the telephones every work period. Call sites were considered in adherence if the actual number of CSRs on the telephones was at least 95 percent of scheduled staffing.

CS management provided the following causes why call sites did not adhere to schedule:

- Call sites did not hire enough CSRs.
- Call sites experienced attrition.
- Call site managers did not properly manage the sites, which included communications between the call sites and field operations.

These occurrences increased the risk of having CSRs unable to answer calls because their skills did not match taxpayers' questions.

The IRS had the opportunity to answer 2.8 million more calls than it reported answering for the period. Without improvements in answering calls and adherence to schedule, the quality of service provided to taxpayers will continue to suffer despite reported improvements in the LOS.

Recommendation

4. The Commissioner, W&I Division, needs to do a better job of anticipating and filling resource needs and managing those resources to:
 - Answer more calls.
 - Decrease abandon rates.
 - Increase adherence to schedule.

Management's Response: Increased emphasis was placed on planning workload by application, scheduling

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staffing and training for FY 2001. Sites assessed their training needs in relation to projected application requirements and conducted the required training. Tools were provided to ensure consistency among sites. During the development of site level schedules, additional emphasis was placed on communicating site needs through the Business Operating Divisions (BOD) to balance site and enterprise requirements.

Sites were provided daily, detailed information, through Joint Operations Center web page, regarding specific applications that required dedicated staffing. Real time status screens are now available at the site level to assess adherence to scheduled requirements. As a result, we have reduced abandons and improved adherence to our schedules.

The Internal Revenue Service's Reported Number of Calls Answered May Be Incorrect

The reported LOS may not be accurate or reliable.

CS employees input inaccurate data on call volumes into the IRS' tracking system for the three major product lines,¹¹ and management did not review or validate the work for accuracy in three call sites we visited. These inaccurate figures were used to calculate the 63 percent LOS reported for the period January 1, 2000, through March 4, 2000.

Daily, an employee in each call site manually performs tedious, complex computations using telephone call volume data and inputs the results into the Workload Information Tracking System (WITS), which is one of the sources used to compute the LOS. We reviewed call volume data input to the WITS for the 3 major product

¹¹ For purposes of this review, we focused on the three major product lines: Tax Law and other General Questions (1-800-829-1040), Taxpayer Accounts Questions (1-800-829-8815), and Refund Inquiry Questions (1-800-829-4262).

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lines at 3 call sites on 3 days in February 2000.¹² Our review showed the following:

- February 2: The 16,604 total assistor-answered calls reported were overstated by 8,499 calls.
- February 15: The 20,982 total assistor-answered calls reported were understated by 1,283 calls.
- February 29: The 6,550 total assistor-answered calls reported were understated by 325 calls.

While our tests were limited to 3 days, these inaccuracies led the IRS to overstate its total assistor-answered calls by 6,891 of the 44,136 (16 percent) reported. These inaccuracies may have resulted from multiple revisions to the WITS reporting guidelines for the period October 1999 through February 2000. The IRS made 9 revisions that resulted in 26 different changes affecting 11 different line items on the WITS report. These multiple revisions coupled with the tedious, complex LOS computations increased the risk of reporting inaccurate data. We were unable to determine the overall effect the 16 percent misstatement had on the LOS.

The reporting guidelines did not require a quality review or validation process. However, internal control standards for accountability of resources and records require a periodic comparison of resource records to help reduce the risk of errors.

Besides the LOS, errors in WITS data also affect the reliability of data critical to decision-making in various other components of CS operations. For example, WITS data are used by:

- The CSOC in the management of nationwide call traffic, staffing, and telecommunications.
- The Centralized Quality Review System in the development of accuracy rates.

¹² We did not validate the reliability of the data provided by the IRS' management information systems and reports.

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The IRS informed us that, as of September 2000, it was still experiencing inaccuracies in the calculations of calls answered. IRS management advised us that they are working on a long-term resolution, which involves a systemic process where information will flow between systems and eliminate the need for employee input. The system prototype is in the testing stage; however, it may be placed on hold indefinitely due to funding issues. In the interim, the IRS' short-term approach is to review and correct data that appear out of line after they have been input to the WITS. The Treasury Inspector General for Tax Administration will conduct additional reviews of the LOS in the Toll-Free telephone operations during the 2001 Filing Season and will report on the results.

Recommendation

5. The Commissioner, Wage and Investment Division, should implement a quality review process to validate the input of data to the WITS until the systemic process has been tested and implemented.

Management's Response: The Enterprise Telephone Database (ETD), developed as a replacement for WITS during the review, has been fully deployed. Data for critical reporting needs is automatically taken directly from the data source.

The Lack of Resources for Visually Impaired Telephone Assistors Put the Internal Revenue Service at Risk of Civil Suits

Visually impaired employees did not have sufficient equipment and materials and were not adequately trained for the 2000 Filing Season.

During our visits to three call sites, we identified shortages in equipment and materials for visually impaired CSRs, including scanners, printers, closed-circuit televisions, and Braille forms and publications. Also, visually impaired CSRs were not adequately trained to use the essential tools and materials needed for their jobs. For example, employees were not trained on the Servicewide Electronic Research

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Project or the Integrated Data Retrieval System. These systems provide employees instantaneous access to research material and certain taxpayer accounts, respectively.

Also, some resource materials contained errors and were not always useable. Examples included publications bound with pages either missing, upside down, or with the wrong content. In addition, the Job Access With Speech software that interacts with the CSRs' personal computers to convert text to speech was not fully compatible or operational. These deficiencies were identified through management and employee interviews in all three call sites we visited. These sites, combined, employed at least 40 CSRs with some form of visual impairment. Two of the six visually impaired employees we interviewed informed us that they experienced temporary work stoppages.

The IRS' Executive Steering Committee, charged with overseeing the IRS' preparation for the FY 2000 Filing Season, was aware of the needs of the visually impaired CSRs. We reviewed the action plans submitted by the three call sites in preparation for the FY 2000 Filing Season, but we did not find the needs of the visually impaired employees documented. This may have contributed to the lack of attention or action by the Steering Committee.

On February 23, 2000, the Assistant Commissioner (Customer Services) stated during a Visually Impaired Program Conference that the IRS functions were working on improvements for employees with disabilities, but the functions were going in different directions. He also stated that the IRS had not developed an overall strategy to address employees' needs.

The Rehabilitation Act of 1973¹³ and the Americans With Disabilities Act of 1990¹⁴ provide guidance for the

¹³ Pub. L. No. 93-112, 87 Stat. 355.

¹⁴ Pub. L. No. 101-336, 104 Stat. 327.

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reasonable accommodation of individuals with qualifying disabilities. Under § 505 of the Rehabilitation Act,¹⁵ a federal employee harmed by an agency's failure to provide reasonable accommodation is entitled to the same remedies available to victims of employment inequalities under the Civil Rights Act of 1964.¹⁶ The Civil Rights Act, in turn, authorizes several different types of equitable and legal remedies including back pay and compensatory damages up to \$300,000.¹⁷ The CS function has approximately 200 visually impaired employees.

Recommendations

6. The Commissioner, Wage and Investment Division, should develop an overall strategy and move quickly to address the needs of visually impaired employees. During the February 23, 2000, Visually Impaired Program Conference, the Assistant Commissioner (Customer Services) provided resolutions that included establishing teams to provide funding strategies and oversight.

Management's Response: The IRS formed a multi-functional Oversight Group to identify initiatives to address the needs of visually impaired employees. See the IRS' complete response in Appendix V of the report for details on these initiatives.

7. The IRS Commissioner should appoint an executive to oversee that the recommendations of the established teams are timely implemented.

Management's Response: An Executive Steering Committee for Employees with Disabilities has been formed with Small Business/Self-Employed Deputy Director, Customer Account Services, and W&I Director, Accounts Management, as co-chairs.

¹⁵ 29 U.S.C. § 794a(a)(1).

¹⁶ Pub. L. 88-352, 78 Stat. 241.

¹⁷ See generally 42 U.S.C. §§ 1981a(a)(2) and 2000e-5(g).

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Executive members include Information Technology Services (IS) and Agency Wide Shared Services. Field Director Accounts Management (Cincinnati) is providing direct executive leadership.

Conclusion

The RRA 98 sent a clear message to the IRS that it must do a better job in meeting the needs of taxpayers. The IRS has attempted to meet this mandate, but improvement in its performance is needed. As the IRS continues its modernization efforts, it has a great opportunity to develop a comprehensive strategy that will address the future needs of CS. This strategy should incorporate existing balanced measures and objectives to increase the Toll-Free telephone program's ability to provide quality service to all taxpayers.

The Performance of the Customer Service Toll-Free Telephone Program Needs Improvement to Better Handle Millions of Taxpayer Calls

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the Internal Revenue Service's (IRS) process for ensuring that taxpayers were provided quality customer service by the Toll-Free telephone program during the 2000 Filing Season.

To accomplish the overall objective, we:

- I. Evaluated the IRS' methodology for measuring the performance of the Customer Service (CS) Toll-Free telephone operation for the 2000 Filing Season.¹
 - A. Identified the IRS' balanced measures used to evaluate Toll-Free telephone assistance.
 - B. Determined the process for capturing the data elements for the balanced measures applicable to the Toll-Free telephone operation.
 1. Identified the data elements that comprised the "Business Results" portion of the balanced measures. We identified the systems/data that made up the data elements and determined whether they were timely and consistently input. (CS divided its Toll-Free telephone program performance measurement into three segments—Business Results, Customer Satisfaction, and Employee Satisfaction. The Business Results portion, which included level of service and adherence to schedule, was the focus of our audit.)
 - C. Analyzed the validity of Business Results data in management reports.
- II. Determined whether IRS management had ensured Toll-Free telephone program resources were available and customer service representatives (CSR) were adequately trained to provide quality answers to taxpayers' questions.
 - A. Determined whether CSRs had the tools needed to provide quality responses to taxpayer questions.
 1. Discussed with management their process to ensure CSRs had the appropriate tools.

¹ We did not validate the reliability of the data provided by the IRS' management information systems and reports.

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- 2 . Selected a judgmental sample of CSRs from the three call sites visited to determine whether the CSRs had tools available for their use to service taxpayers on the Toll-Free telephone lines.
- B. Determined whether written Inquiry Referrals (Form 4442) prepared by CSRs providing Toll-Free telephone assistance followed established criteria.
- 1 . Determined from discussions with CS personnel the process used by CSRs to prepare written referrals.
 - 2 . Reviewed a statistical sample of 461 Forms 4442 to determine whether taxpayer questions were referred based on IRS-established criteria. We used attribute sampling to sample from two sets of populations in all three sites. The two populations were October to December 1999 and January 2000. We used sampling criteria that included a 5 percent error rate, 4 percent precision, and 95 percent confidence level and selected those referrals that were prepared because the Integrated Data Retrieval System (IDRS) was down or unavailable at the time of the taxpayers' calls.
 - For the Baltimore site, we selected 102 referrals for January 2000; 27 met the IDRS criteria. For October to December 1999, we selected 79 referrals; 36 met the IDRS criteria.
 - For the Dallas site, we selected 102 referrals for January 2000; 11 met the IDRS criteria. For October to December 1999, we selected 87 referrals; 5 met the IDRS criteria.
 - For the Portland site, we selected 1 referral for January 2000; it did not meet the IDRS criteria. For October to December 1999, we selected 90 referrals; 47 met the IDRS criteria.
- C. Evaluated management's effectiveness in ensuring the call sites were adequately staffed and scheduled to respond to taxpayer questions by reviewing the first and available second planning period results.
1. Determined whether call sites' actual staffing levels were in line with Customer Service Operations Center (CSOC) requirements.
 2. Identified call sites' planned and actual staffing levels.
 3. Compared actual delivery (the number of calls 1 CSR answered in 1 hour) to CSOC requirements.
 4. Held discussions with management to determine the over/understaffing effect on scheduling.

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Needs Improvement to Better Handle Millions of Taxpayer Calls**

5. Reviewed call sites' adherence to schedules to determine the percentage of times call sites had the required staffing and were over/understaffed.
- III. Identified early concerns/issues confronting call sites in the 2000 Filing Season and determined whether these concerns were being timely addressed by IRS management. Solicited feedback from call sites on concerns with training, staffing, equipment, scheduling, and balanced measures.

**The Performance of the Customer Service Toll-Free Telephone Program
Needs Improvement to Better Handle Millions of Taxpayer Calls**

Appendix II

Major Contributors to This Report

Walter E. Arrison, Associate Inspector General for Audit (Wage and Investment Income Programs)

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Appendix III

Report Distribution List

Commissioner N:C
Commissioner, Small Business/Self-Employed Division S
Assistant Deputy Commissioner Modernization N:ADC:MOD
Director, Customer Account Services W:CAS
Director, Legislative Affairs CL:LA
Chief Counsel CC
National Taxpayer Advocate TA
Office of Management Controls N:CFO:F:M
Director, Office of Program Evaluation and Risk Analysis N:ADC:R:O
Audit Liaison:
 Director, Strategy and Finance W:S

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Appendix IV

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; 1.3 million calls customer service representatives (CSR) could have answered (see page 5).

Methodology Used to Measure the Reported Benefit:

The 1.3 million call total was calculated by multiplying 239,761 (the total number of scheduled assistor hours for CSRs to only route calls in Fiscal Year (FY) 2000) times 5.4 calls per hour (the number of calls the Internal Revenue Service (IRS) planned for each CSR to answer per hour in FY 2000).

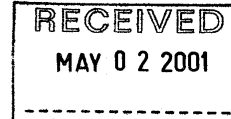
The Performance of the Customer Service Toll-Free Telephone Program Needs Improvement to Better Handle Millions of Taxpayer Calls

Appendix V

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308



May 2, 2001

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

John M. Dalrymple
Commissioner, Wage and Investment Division

SUBJECT:

Draft Audit Report – The Performance of the Customer Service
Toll-Free Telephone Program Needs Improvement to Better
Handle Millions of Taxpayer Calls

We have reviewed the above report and would like to furnish the following comments and explanations. The toll-free telephone system is used by millions of taxpayers every year, and as a result, we are continually taking actions to improve the service we provide. We recognize the hard work and numerous hours that went into assessing the 2000 Filing Season telephone program. We welcome your assistance and those recommendations that can be incorporated into our program. It is unfortunate we were unable to use the information in your report during our readiness process for the subsequent year, since we received your report and held discussions with your staff during the 2001 Filing Season.

The Service's overall strategy for improving telephone service is to ensure that customers are assisted by the best resources available, to answer their calls promptly and accurately. This strategy includes reducing customer demand, leveraging automation technology and enhancing work planning and scheduling processes. It should be noted that the objective is not solely for customer service representatives (CSRs) to answer more calls. Instead, it is to direct customers to either automated or assistor services that are best able to resolve their inquiries. We have significant concerns about the quality of the analysis on which many of your findings were based. We believe that these flaws may have led to erroneous conclusions that create an inaccurate picture of the current state of customer service operations at the IRS. While we are very aware that we have a number of improvements to make, we should also note that we have made significant progress and are continuing to work to improve our service to taxpayers.

The first statement under **Results** in your report, "The IRS needs to improve its process for providing Toll-Free telephone service to taxpayers by enhancing its technology,

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improving executive oversight, providing better control and better using its CS resources”, and the subsequent narrative, are not representative of our efforts relative to the toll-free telephone program. In preparing for the 2000 Filing Season, we took numerous actions to positively impact service, which were not appropriately acknowledged in your report. We completely reorganized customer service in the field and consolidated executive management from a decentralized function, i.e., four regional commissioners and 25 directors, to a centralized organization with one director, two deputies and 10 subordinate executives. This endeavor resulted in consistent direction, better control, and improved accountability and oversight. We enhanced the call center environment by upgrading the Customer Service Call Router (CSCR) equipment throughout the enterprise and deploying improved call routing functionality for the product lines.

During the course of your audit, two significant activities were underway to make further improvements to customer service and the toll-free telephone program. We were finalizing the design of a new, modernized IRS with substantive changes to executives' responsibilities within the Customer Accounts Services function, and we were developing the first phase of the Customer Communications Project, a multi-year technological initiative with the PRIME.

We were also confused by the reference to overall call volumes for FY 2000, and data references that included the first period starting from October 1, 1999, when the objective of the review was to “evaluate the IRS' process for ensuring taxpayers were provided quality customer service by the Toll-Free telephone program, during the 2000 Filing Season.” Data depicting our actual filing season objectives and accomplishments would have provided a much clearer reference point.

“The Use of Telephone Assistors to Only Route Calls Prevented Up to an Estimated 1.3 Million Calls From Being Answered”

We discussed telephone routing technology and reviewed a detailed call flow diagram during several meetings with your auditors throughout the review process. Our call center environment is very technical and complex, and we felt it was important to provide illustrative documents and spend the time needed to familiarize your staff with the telephone enterprise. However, the explanation of call routing and the role of telephone assistors referenced in this section of the report are misstated. The assistors are not “performing actions similar to the IRS' new call routing system.” At no time during the pre- or post-routing process are these assistors substituted or used in lieu of the CSCR. The assistors do, however, play an important part in ensuring that callers are transferred to CSRs who are trained to answer their questions. The following is a brief overview of the process.

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The CSCR is programmed to route calls based on parameters such as, product line dialed, operating hours, equipment functionality, calls in queue, agent availability, and circuit capacity. When a taxpayer calls the IRS, the CSCR uses the parameters to instruct the telephone carrier to deliver the call to the call site best able to receive it. Upon arrival at the call site, the call is sent to a Voice Response Unit (VRU), and the taxpayer is presented a menu of options and asked to press a key on the touch-tone telephone corresponding to the topic of his/her inquiry. Based on the key pressed, the call is sent to the appropriate group of CSRs to answer the question. If a caller does not press a key while listening to the menu, we have a contingency process in place so the taxpayer receives service and is not disconnected. During this process, the call defaults out of the VRU and is delivered to a screener, i.e., the assistor referenced in this section of the report. The screener asks the taxpayer for the topic of his/her inquiry and transfers the caller to the appropriate group of CSRs to answer the question. Screening is a cost-effective method for directing callers who do not direct themselves. Screeners generally are specifically hired and trained to perform this duty or they may be our less experienced CSRs.

For the screening process to operate effectively, the screener must quickly identify the nature of the taxpayer's inquiry and transfer the call to the appropriate resource. The interaction is brief (usually less than 100 seconds). The caller is then transferred to a CSR who is trained in the respective topic, and other callers who have defaulted out of the VRU and who are in queue for a screener, do not have excessive wait times. The last point is important because the longer a caller is in queue, the more likely the caller is to hang up. Since callers who hang up in a screener queue have not received any service, it is very probable they will call again. This is a cause for increased customer demand and can be prevented.

In prior years, we had CSRs screen calls and answer callers' questions upon defaulting out of the VRU. We found it to be a costly work practice, in both training and customer satisfaction. First, we had to staff the screening function with highly skilled CSRs who were able to handle a multitude of topics, since the VRU menu selections are extensive. As a result, we expended a large amount of training hours for these CSRs, in addition to the training hours for CSRs staffing applications for specific topics. Secondly, the screener calls were as long as calls for specific topics, so customers waiting in the screener queue had long waits and many hung up. For those callers who did not hang up, they expressed frustration when connected to a CSR. Thirdly, the practice caused inflated customer demand and abandoned rates.

Based on the results from our previous and current experiences, we do not agree with your conclusion that we could have answered more calls, or your recommendation to reinstate our past practice. Our current process has shortened wait times, reduced abandons, and is a factor in reduced overall demand. We also do not agree with the conclusion in this section that we are not maximizing the use of the CSCR and its

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related telephone systems. CSCR functionality and the use of screeners are not related.

"Taxpayers Were Delayed in Getting Help Because the Computer System Was Not Available"

We have concerns with the data contained in this section of the report. Generally when IDRS is unavailable, another system, Corporate Files OnLine (CFOL) is available. During a study in 1999, it was found that over 70 percent of account-related inquiries can be resolved with the use of CFOL. We learned from discussions with your auditors that they reviewed referrals initiated between October 1999 and January 2000. This period does not reflect the 2000 Filing Season, which is January through June. In addition, we understand that many of the referrals in the sample were from the final weeks of December 1999 and early weeks of January 2000. This period should not be considered representative of Integrated Data Retrieval System (IDRS) availability for the following reasons:

- Substantial technological preparations for Year 2000 were occurring which included equipment upgrades and replacements. As a result, system availability service-wide was progressively impacted as January 1, 2000, drew closer.
- Annually, the first weeks of January contain "dead cycles" when real-time activity ceases and software changeovers for new tax year processing occur. This is a planned management action and effects system availability service-wide.

These two factors substantially increased the probability for referrals across the enterprise for the sample period.

We do not agree with your recommendation to transfer calls for a number of reasons. It would increase our telecommunications costs as indicated in your report. But more importantly, it has potential for adversely impacting customer satisfaction and telephone demand. For example, a call could be waiting in queue for assistance, triggered for an automatic transfer when IDRS becomes unavailable, and transferred to another site. The wait would begin again at the end of the second site's queue. To compensate for waiting at the end of the queue, the call could receive priority placement. However, this practice would lengthen the wait for callers that have already been in queue at the second site. Also note, this scenario assumes that the receiving site has staff available to handle the additional workload. If it does not, callers would have even higher wait times, increased frustration, and a high probability of hanging up. As stated above, the longer the wait times, the greater the likelihood for an abandoned call and a subsequent callback which increases demand.

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The report did not mention a call routing function we use when IDRS goes down. The site initiates a feature to advise callers in queue that the system has gone down and they possibly may not receive assistance online. It also prevents CSCR from post-routing an account-related call to the site. We believe this is a better method for dealing with system unavailability, which is consistently less than one percent of schedule.

We agree that the time period for a callback should be reviewed. In the interim, we will continue our procedure of CSRs advising callers of the turnaround time for a callback prior to initiating a referral. This practice allows the caller to choose the next course of action.

"The Internal Revenue Service Answered 2.8 Million Fewer Calls Than Were Planned Despite Reported Increases in Level of Service"

Although not directly stated in your report, you believe the IRS should not consider the 2000 Filing Season telephone program more successful than planned, regardless of a three-percentage point increase in level of service over projection. We infer from your narrative that if we acknowledged success, it would be unfounded because the improvement was due to decreased demand rather than increased assistor calls answered. We do not agree with your assessment; answering more calls is not our sole focus. As stated above, one of our strategies is to reduce customer demand to levels commensurate with our automated and assistor resources. We took actions such as delaying issuance of notices, leveraging automation technology, managing queues, and processing refunds quickly to reduce the number of callers to our toll-free telephone system. Knowing that resources are limited, we believe it is critical that we implement actions to control demand. We also believe that the 2000 Filing Season was a success, even though we answered fewer calls than planned.

We do not agree with the resource and telephone data in this section. Toll-Free telephone direct hours on the Workload Planning and Control (WP&C) reports for January 1 - April 8, 2000, indicate 2,510,747 hours planned and 2,494,651 hours expended; a difference of 16,096 hours (0.6 percent). Comparing the number of abandoned calls to forecast using enterprise Aspect application data, there were 457,074 (17%) more calls than scheduled during the January 1 - April 8, 2000, period. One-fourth of the calls (105,234) was attributable to the week ending February 12, 2000, which was the busiest week of the period.

During FY 2000, we found the adherence measure to be confusing when assessing enterprise staff delivery. Every call sites' individual half-hour work periods were evaluated independently. The results were misleading when the information was combined for enterprise comparisons. The calculation was changed for FY 2001, and the enterprise's half-hour work periods are used instead. The reported 24 percent of

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missed work periods (76 percent adherence), is accurate using the FY 2000 calculation. It should be noted, however, that there was a total of 112,222 (2.8 percent) more half-hours delivered answering telephone calls than scheduled during the January 1 - April 8, 2000, period. This is a comparison of the number of enterprise staff half-hours scheduled to the actual number of Ready Agents using CSCR data for the same period.

"The Internal Revenue Service's Reported Number of Calls Answered May Be Incorrect"

During the course of your review, we were developing and testing a systemic process to replace the manual one used for populating telephone data. The process ran concurrently with manual input to the Workload Inventory Tracking System (WITS), and we discussed the prototype with your auditors. We found the systemic process to be accurate and reliable, and it was placed in production beginning October 1, 2000.

We agree that any system that relies on human input is subject to error without proper checks and balances. As such, operating guidelines specified that management and analysts closely monitor their WITS input practices. Your report did not mention that in order to minimize errors, sites developed methods for ensuring accuracy of WITS input, either through automated spreadsheets or by separating input and review responsibilities. During FY 2000, sites had one week to enter their WITS data during which time they could also correct mistakes made during the same input week. During the second week of the process, national office staff validated and verified sites' data prior to inclusion in official telephone reports. In addition, the staffs of the Deputy Chiefs Customer Service conducted periodic reviews and any detected errors were subsequently corrected and reports were updated regardless of the two-week input period. It is unclear from your report and discussions with your staff whether you reviewed WITS input real-time or the finished product two weeks after the fact.

We are also concerned about the number of updates to the WITS guidelines and attempt to keep them to a minimum. Although the revisions during FY 2000 seemed numerous and cumbersome, they were critical to adjust for necessary, day-to-day changes in the operation of a dynamic call center environment.

"The Lack of Resources for Visually Impaired Telephone Assistors Put the Internal Revenue Service at Risk of Civil Suits"

We agree that we had not adequately addressed the needs of our Visually Impaired Assistors and have taken the necessary steps to improve all of the issues identified in your report. All of the issues identified in your report were previously identified and an effort was begun during the February 23, 2000, Visually Impaired Program Conference, by the Assistant Commissioner (Customer Services) to provide resolutions that included

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establishing teams to provide funding strategies and oversight. This effort is outlined in our response to the recommendation.

IDENTITY OF RECOMMENDATION 1

The Commissioner, Wage and Investment Division should re-evaluate the number of CSRs used to only screen and transfer calls. Also, the Commissioner should maximize the use of the CSCR and its related telephone systems to route calls more efficiently.

ASSESSMENT OF CAUSE

We do not agree with this recommendation.

CORRECTIVE ACTION

We routinely evaluate our staffing needs for all of our call applications.

Technological improvements have and will improve customer self-routing, which will continue to reduce the need for call screening.

IMPLEMENTATION DATE

Not applicable

RESPONSIBLE OFFICIAL

Not applicable

CORRECTIVE ACTION MONITORING PLAN

Not applicable.

IDENTITY OF RECOMMENDATION 2

The Commissioner, Wage and Investment Division, should further evaluate call transferring procedures by, examining the cost and benefit of using the additional routing feature currently available in the corporate call routing telephone system, when the main computer system is unavailable in the local call site where the call was received.

ASSESSMENT OF CAUSE

We do not agree with this recommendation our current processes will remain in effect.

CORRECTIVE ACTION

When computer systems are unavailable, we assess each situation for the best solution. We consider:

- Type and anticipated length of the outage
- Number of sites impacted

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- Alternative systems available
- Staffing and workload in the site or sites.

We seek a solution that will provide the best available service for our customers.

IMPLEMENTATION DATE

Not applicable

RESPONSIBLE OFFICIAL

Not applicable

CORRECTIVE ACTION MONITORING PLAN

Not applicable

IDENTITY OF RECOMMENDATION 3

The Commissioner, Wage and Investment Division, should re-evaluate IRS guidelines and consider reducing (from 30 days) the maximum allowable period for handling written referrals.

ASSESSMENT OF CAUSE

The TIGTA reviewers stated, "Although the 10 day average was within the required 30-day period to respond to taxpayer inquiries, we concluded that even 10 days is too long a period to provide quality service to a taxpayer's initial inquiry." In the context of the report that the written referral results from a system outage, this suggestion appears reasonable. However, written referrals are mandatory in fifty-six specific cases. The IRM (21.3.5.4.2.) clearly states we can and should resolve most inquiries during initial contact. It also says the taxpayer inquiry should normally be resolved in a 15-day period. The IRM guidelines are reasonable when viewed from the total workload covered by the timeframes.

CORRECTIVE ACTION

Not applicable

IMPLEMENTATION DATE

Not applicable

RESPONSIBLE OFFICIAL

Not applicable

CORRECTIVE ACTION MONITORING PLAN

Not applicable

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IDENTITY OF RECOMMENDATION 4

The Commissioner, Wage and Investment Division, needs to do a better job of anticipating and filling resource needs and managing those resources to:

- Answer more calls
- Decrease abandon rates
- Increase adherence to schedule.

ASSESSMENT OF CAUSE

Additional calls could have been answered in Fiscal Year 2000, if call sites had better adherence to staffing schedules.

CORRECTIVE ACTION

Increased emphasis was placed on planning workload by application, scheduling staffing and training for Fiscal Year 2001. Sites assessed their training needs in relation to projected application requirements and conducted the required training. Tools were provided to ensure consistency among sites. During the development of site level schedules, additional emphasis was placed on communicating site needs through the Business Operating Divisions (BOD) to balance site and enterprise requirements.

Sites were provided daily, detailed information through the Joint Operations Center web page, regarding specific applications that required dedicated staffing. Real time status screens are now available at the site level to assess adherence to scheduled requirements.

As a result we have reduced abandons and improved adherence to our schedules.

IMPLEMENTATION DATE

Completed

RESPONSIBLE OFFICIAL

Director, Customer Account Services

CORRECTIVE ACTION MONITORING PLAN

Not applicable

IDENTITY OF RECOMMENDATION 5

The Commissioner, Wage and Investment Division should implement a quality review process to validate the input of data to the WITS until the systemic process has been tested and implemented.

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ASSESSMENT OF CAUSE

The WITS system required extensive data gathering, complicated calculation, and manual input at each call site.

CORRECTIVE ACTION

The Enterprise Telephone Database (ETD), developed as a replacement for WITS during the review, has been fully deployed. Data for critical reporting needs is automatically taken directly from the data source.

IMPLEMENTATION DATE

October 1, 2000

RESPONSIBLE OFFICIAL

Director, Customer Account Services

CORRECTIVE ACTION MONITORING PLAN

Not applicable

IDENTITY OF RECOMMENDATION 6

The Commissioner, Wage and Investment Division should develop an overall strategy and move quickly to address the needs of visually impaired employees.

ASSESSMENT OF CAUSE

As reported by the auditors, visually impaired CSRs did not have all the necessary tools, equipment and training to perform their duties.

CORRECTIVE ACTION

Following the efforts we began on February 23, 2000, Accounts Management Leadership formed a cross – Business Operating Division Charter Group (Persons with Disabilities Oversight Group). The Oversight Group has a multi-functional membership to establish and sustain a structure that meets the needs of employees in Accounts Management with disabilities. This Oversight Group is dedicated to the overall benefit of our employees with disabilities rather than targeted to a particular function/location/BOD. The first deliverables for this Group are initiatives to address the needs of employees in Accounts Management who are visually impaired. These include but are not limited to the following:

Identify and Validate the needs of persons with disabilities	Conducted surveys to determine the needs of employees who are visually impaired. This includes PCs, training, network and secured systems access, etc.
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Develop and Implement Process to address concerns of employees with disabilities for new/existing projects.	Group is working with Alternative Media Center (AMC) Program Manager, Information Resources & Accessibility Program (IRAP), and Section 508 Coordinator to develop and disseminate.
Convene meetings with Charter Group members to address issues/concerns as well as Charter short/long term deliverables, goals and objectives.	To date members have included employees with visual impairments, with functions such as DIO, IS, IRAP, Learning & Education (L & E) assisting with solutions.
Acquisition and Deployment Issues	<ol style="list-style-type: none"> 1. IS approved acquisition of "scroll mice" for visually impaired who want them. This allows easier navigation within a document when using certain adaptable devices. 2. Group members are finalizing requirements to purchase lap top computers and/or closed circuit TVs for Accounts Management training. 3. A new Memo of Understanding is under discussion for recruitment and training at the Lions World Services for the Blind facility.
Establish resource requirements for Charter Group initiatives to include a strategy for the timely formulation and execution of a budget.	The Directors of Customer Account Services addressed budgetary requirements for FY 2002 and FY 2003 in the Strategic Planning and Budget processes.

IMPLEMENTATION DATE

January, 2001

RESPONSIBLE OFFICIAL

Field Director Accounts Management (Cincinnati)

CORRECTIVE ACTION MONITORING PLAN

Not applicable

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IDENTITY OF RECOMMENDATION 7

The IRS Commissioner should appoint an executive to oversee that the recommendations of the established teams are timely implemented.

ASSESSMENT OF CAUSE

As reported by the auditors, visually impaired CSRs did not have all the necessary tools, equipment, and training to perform their duties.

CORRECTIVE ACTION

An Executive Steering Committee for Employees with Disabilities has been formed with SB/SE Deputy Director CAS and W&I Director Accounts Management as co-chairs. Executive members include; Information Technology Services (IS) and Agency Wide Shared Services. Field Director Accounts Management (Cincinnati) is providing direct executive leadership.

Members of the Charter Group are from W&I CAS, SB/SE CAS, AWSS/EEO/ Diversity, JOC Representative, IS Field Operations, W&I Learning and Education, SB/SE EEO & Diversity, W&I AMC, IS IRAP, SB/SE Quality Assurance.

IMPLEMENTATION DATE

January, 2001

RESPONSIBLE OFFICIAL

Field Director Accounts Management (Cincinnati)

CORRECTIVE ACTION MONITORING PLAN

Not applicable

If you have questions or need additional information, please contact me, or your staff can contact Dorene Viglione at 404-338-8911.